

Testimony of

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Hearing concerning Investigation 332-452, "Steel-Consuming Industries: Competitive Condition with Respect to Steel Safeguard Measures"

Before the
United States International Trade Commission

June 19, 2003

Good afternoon. Thank you very much for inviting me to participate in this hearing. My name is Ken Cather and I am representing Imports International Incorporated.

Imports International is headquartered in Cleveland Ohio and is a second-generation family owned company that was established in 1949. Imports International and its sister company Chesterfield Steel currently have 70 employees of whom 42 are members of the Paper, Allied Industrial, Chemical and Energy Workers Local 5-243.

Import International/Chesterfield Steel specializes in supplying steel with restricted chemistry, tolerance and surface specifications that are demanded by the part and process requirements of our customers. The different types of steel grades that we import have been developed over time with our customers based on part specifications, metal forming processes and equipment and tooling requirements. Each coil has a specific grade, thickness and width and is ordered, imported and stocked for a specific customer and part. This results in many managed programs for many different customers. Over 70 percent of our customer base is comprised of automotive parts producers who rely on material with exacting restricted specifications and minimal variation.

We applied for the initial exclusions (N374.01 - .07) and the anniversary filing (A680.01 - .10) which also includes three additional requests. Approximately 15.4 percent of the amount originally requested for six of the items was excluded. Two of the items, for use in air bag pressure vessels, were excluded completely. There were three requested items that received no exclusion. These requests are for material that is produced by Corus in Ijmuiden, The Netherlands. Imports/Chesterfield has a 30-year supply relationship with this mill and it has allowed our customers and us the opportunity to develop the unique recipes used to produce the various required grades. Corus supplies steel to us and our customers with the guaranteed physical characteristics and restricted tolerances.

As detailed in Appendix A, Imports International/Chesterfield Steel has made numerous efforts to obtain the steel our customers require from domestic sources. The domestic

steel industry has been either unable or unwilling to provide material with the exact specifications our customers require. The domestic industry claims their material is interchangeable but it is not and does not meet the customer's specifications. Additionally the domestic producers will not guarantee their material will make the customers parts.

The commitment of Imports International/Chesterfield Steel to its many customers is to provide the specific steel that was produced for a particular part to be made. We requested exclusions only for the amount of steel our customers should have used. These amounts were based on historical usage and current customer projections. Only 15.5 percent of the amount requested by Imports International/Chesterfield were excluded. Initially there was some limited success in passing part of the additional tariff cost to our customers. As time passes and the industry pricing structure fluctuates it becomes increasingly more difficult if not impossible to pass on mounting costs. Unfortunately this creates a ripple effect amongst our customers. Imports International/Chesterfield has 70 employees but our customers employ hundreds if not thousands of people. Being largely automotive parts suppliers, most of our customers have contracts that demand annual price decreases. If a customer attempts to negotiate a price increase, the parts will more than likely be moved to a different, but not always domestic, manufacturer. Our customers have recently lost millions of dollars worth of business.

Imports International/ Chesterfield has been in a decreasing to no profit business mode that will only become worse if the tariff continues to remain in effect. Since the imposition of the tariff we have been forced into reducing our employment level by almost 10%, reduce employee benefits and eliminate capitol investment.

Our customers that require Corus material are also experiencing hardships and some will be here testifying as part of the investigation.

Thank you for the opportunity to testify.

Appendix A

A680.01

- **Bethlehem Steel:** Bethlehem was contacted and responded that they could not meet the specifications for thickness and chemistry that Chesterfield Steel requires.
- **US Steel:** US Steel was contacted and responded that they could not meet the specification for thickness that Chesterfield Steel requires.
- **Rouge:** Rouge was contacted and responded that they could not meet the specifications for thickness and for non-earing that Chesterfield Steel requires. Furthermore Rouge acknowledged that they could not produce a "functionally interchangeable product".
- **Weirton:** Weirton was contacted and responded that they could not meet the specifications for thickness, chemistry, non-earing, and exposed surface that Chesterfield Steel requires. Weirton also acknowledges that they do not have a "fully interchangeable product" for the required product.

A680.02

- **Bethlehem Steel:** Bethlehem was contacted and responded that they could not meet the specifications for thickness and chemistry that Chesterfield Steel requires.
- **US Steel:** US Steel was contacted and refused to provide a written guarantee that they could produce material that meets the specifications that Chesterfield Steel requires.
- **Weirton:** Weirton was contacted and responded that they could not meet the specifications for thickness and chemistry that Chesterfield Steel requires. Weirton also states that they do not produce a "functionally interchangeable product".

A680.03

- **Bethlehem Steel:** Bethlehem Steel was contacted and responded that they could not meet the specifications for thickness and chemistry that Chesterfield Steel requires.
- **US Steel:** US Steel was contacted and responded that they could not meet the specification for thickness. US Steel also refused to provide a written guarantee that they could produce material to the specifications required by Chesterfield Steel.
- **Rouge:** Rouge was contacted and responded that they could not meet the specifications for thickness, width, and non-earing that Chesterfield required. They also would not guarantee that the material would make the part. Rouge also states that they do not produce a "functionally interchangeable product".
- **Weirton:** Weirton was contacted and responded that they could not meet the specifications for thickness, width or chemistry that Chesterfield Steel requires. They also stated that they do not produce a "functionally interchangeable product".

A680.04

- **Bethlehem Steel:** Bethlehem Steel was contacted and responded that they could not meet the specifications for chemistry and rockwell that Chesterfield Steel requires. They claim that

they can meet the specification for thickness, which is ½ or less standard tolerance, that Chesterfield Steel requires but in fact will only produce material to ¼ standard tolerance.

- **US Steel:** US Steel was contacted and responded that they could not meet the specification for thickness. US Steel also refused to provide a written guarantee that they could produce material to the specifications required by Chesterfield Steel.
- **Rouge:** Rouge was contacted and responded that they could not meet the specification thickness that Chesterfield Steel requires and will not guarantee the material would make the part.
- **Weirton:** Weirton was contacted and responded that they could not meet the specifications for chemistry or restricted tolerance on thickness required by Chesterfield Steel. They also acknowledge they do not produce a “functionally interchangeable product”.

A680.05

- **Bethlehem Steel:** Bethlehem was contacted and they responded they do not currently produce this product, that they cannot produce this product, that they do not have this product in current inventory and they have not produced this product in the past to the specification Chesterfield Steel requires.
- **US Steel:** US Steel was contacted and responded that they could not meet the specification for thickness. US Steel also refused to provide a written guarantee that they could produce material to the specifications required by Chesterfield Steel.
- **Rouge:** Rouge was contacted and responded that they could not meet the specification for chemistry or guarantee to make the part that Chesterfield Steel requires.

A680.06

- **Bethlehem Steel:** Bethlehem was contacted and they responded that they could not meet the specifications for thickness and chemistry required by Chesterfield Steel and their customer stated in BAICO specifications HY-03-U and HY-13-U.
- **US Steel:** US Steel was contacted and responded that they could not meet the specification for thickness. US Steel also refused to provide a written guarantee that they could produce material to the specifications required by Chesterfield Steel.

A680.07

- **Bethlehem Steel:** Bethlehem was contacted and they responded that they could not meet the specifications for thickness and chemistry required by Chesterfield Steel and their customer stated in BAICO specification HY-03-014.
- **US Steel:** US Steel was contacted and responded that they could not meet the specification for thickness. US Steel also refused to provide a written guarantee that they could produce material to the specifications required by Chesterfield Steel.
- **Nucor:** Nucor was contacted and responded that they could not meet the specification for chemistry that Chesterfield Steel requires and cannot provide the full range of sizes.

A680.08

- **Bethlehem Steel:** Bethlehem was contacted and they responded that they could not meet the specifications for thickness or chemistry that Chesterfield Steel requires.
- **US Steel:** US Steel was contacted and responded that they could not meet the specification for chemistry. US Steel also refused to provide a written guarantee that they could produce material to the specifications required by Chesterfield Steel.
- **Rouge:** Rouge was contacted and responded that they could not meet the specification for chemistry and could not produce the product in the full range of sizes that Chesterfield Steel requires. Rouge will not guarantee to make the part.
- **Nucor:** Nucor was contacted and they responded that they could not meet the specification for chemistry that Chesterfield Steel requires and could not produce the product to the full range of sizes.

A680.09

- **US Steel:** US Steel refuses to provide a written guarantee that they could produce material to the specifications required by Chesterfield Steel.
- **Rouge:** Rouge was contacted and responded that they could not produce the full range of sizes and could not meet the specification for the restricted surface finish that Chesterfield Steel requires. Rouge also acknowledges that they do not produce a "functionally interchangeable product".
- **Weirton:** Weirton was contacted and responded that they could not meet the specification for chemistry that Chesterfield Steel requires. Weirton also acknowledges that they do not produce a "functionally interchangeable product".

A680.10

- **Bethlehem Steel:** Bethlehem was contacted and responded that they could meet the specification with deviations on the chemistry. This means they can not meet the specification as designated in the Exclusion Request, which Chesterfield Steel requires. They also make no mention if they will guarantee to make the part.
- **US Steel:** US Steel refuses to provide a written guarantee that they could produce material to the specifications required by Chesterfield Steel.
- **Rouge:** Rouge was contacted and they responded they do not produce product to meet the specification that Chesterfield Steel requires. Rouge also acknowledges that they do not produce a "functionally interchangeable product".